Obviously, this litigation, this bankruptcy, in many respects is being driven by asbestos values, and it is incredibly important that the -- that this intercreditor project proceed on a pace that will bring the parties to a level of understanding about what their respective rights are at a time when the asbestos valuation numbers become known to the participants. Those are the two ingredients we think that are necessary for the parties to have serious, planned negotiations.

The Debtor would love to have planned negotiations tomorrow, if we thought the parties were in a position to do so. We're ready to go. We don't want to be in bankruptcy one moment longer than is absolutely necessary. We think there's a significant opportunity here to negotiate a plan, and we would like to move this intercreditor project and that asbestos estimation process on the same time schedule.

We think if we initiate litigation now, we will lose the benefit of the discussions that we've been having, the parties will retreat to their respective corners, we will discuss over deposition subpoenas and formal document requests, and we will not have the level of candor and, frankly, debate that has taken place in our discussions so far. We do think it's important for the Debtor to be able to demonstrate to the Court real progress in this regard. And that's why we're proposing the factual stipulation approach that I recommended

earlier. The details of that are set forth in our letter, Your Honor. But we would encourage the Court to enter a Status Order that embodies those concepts and moves this process forward on the basis in which it now is operating.

THE COURT: Okay. I have -- I don't know if I have the Debtor's status report. There wasn't one in this volume.

MR. PERNICK: Your Honor, I could probably get you an extra copy if you want.

MR. MONK: I have one more.

THE COURT: I wanted a copy so that I could look at the time frame set --

MR. PERNICK: Here you are, Your Honor.

THE COURT: Oh, thank you so much. I'm sure this makes sense to those of you who have been involved in the document production. But I'm not quite sure I understand what it is that the Debtor is proposing. You want to break down by entity apparently the types of disclosures and factual stipulations that the Debtors are willing to do. So the one you propose for May 15th -- it deals with OCFT. And then June 14, 5:00 p.m. and July 15th, Integrex, and August 15th, Fiberboard Exterior Systems and other affiliated companies.

MR. MONK: Yes, Your Honor.

THE COURT: Okay. What I don't know is, is that the universe of these Inter-Creditor agreements?

MR. MONK: It is not. But it is the four major --

let me back up. One of the problems -- it's one of the problems, frankly, with the Bank's proposal -- is that there is a huge amount of interrelationships between these entities. To take a for instance, OCFT, the entity that holds the technology, issued a $501,000,000 dividend in the form of a note to its parent, Owens Corning, which was assigned to Integrex to capitalize Integrex. That note sits at Integrex. Obviously, there's a relationship between those two entities. Part of this process is we have to figure out does the value say at OCFT, does the value go to Integrex, or does it go someplace else? It's that kind of interrelationship that we find all over, because these were operating entities that -- where -- and the company moved money back and forth between them as it saw fit for business purposes. But the only way we know to set a deadline schedule -- we can't provide facts regarding everything all at one time -- was to break it up in that -- that's the convenient chunks that we could arrive at as a way to propose entities to stipulate about. There will be clearly stipulations of fact that relate to two or more entities that we'll have to address at some point in time, Your Honor.

THE COURT: Okay. Now, you're proposing these dates by which the Debtor would propose the stipulations. But then what happens to them once the Debtor proposes them?

MR. MONK: Well, Your Honor, my thought on that was

that the Debtor would present them. We would have an Inter-Creditor meeting and see how much accord I can achieve in the negotiation with the other participants, with the idea that in the spirit of the discussion we've had so far I think a lot of the facts would be cleared away by stipulation, and we can then narrow and hopefully then achieve a set of issues and unresolved facts. And I'm thinking as a litigator, like, okay, I have a -- here's my stipulation of agreed to facts. And here are the issues that we have yet to resolve. So that if we have to have a hearing on plan confirmation at a later point in this case, I'll have an organized factual record that I can present to the Court for resolution.

THE COURT: Okay. The -- what you're proposing includes corporate history, management and financial operations, and some other things depending on the particular identity of the company involved. Does it include -- does this information somehow get to the Bank's issue of valuation?

MR. MONK: Yes, Your Honor.

THE COURT: Okay. How?

MR. MONK: The information -- well, let me use OCFT as my example. One of the questions with respect to OCFT is how you interpret the license agreement. Among the questions that go into that, the subsidiary questions, if you will, are the license agreement provides that they'll pay a percentage royalty on net product sales. All right? Did they calculate

net product sales correctly? Did they include products that shouldn't have been included in net product sales? Did they -- the license agreement provides for all discounts to be applied to that number. Were the discounts properly applied? All those accounting issues, which are very relevant to the Bank's valuation issues, have got to be resolved. There are half a dozen of those just with respect to OCFT alone.

Then you have -- so, a stipulation that addresses all those questions will advance the whole issue of what do we understand about the royalty payments that were made by Owens Corning to OCFT? Did Owens Corning overpay its royalty, or not? If it did overpay its royalty, does it have a claim against OCFT? Can it recover that money, or not? That's where all that takes you.

THE COURT: Okay. Now, these stipulations are going to be put together from the documents that have been produced, or from --

MR. MONK: Both.

THE COURT: -- witnesses that will be identified?

MR. MONK: Both. Mostly from the documents. But the Debtor has the luxury of having access to the accounting people at the company. And rather than -- I mean my hope is that I can -- will be able to interview the accountants, organize a stipulation, and know the financial advisors are gonna be given access to that information, let the financial

advisors and the accountants talk about it, and hopefully I can get people to sign up to the stipulation.

THE COURT: Okay. So you're not contemplating at this point that there would be like an objection process per se. What you're hoping to do is look to what you can put together by way of stipulation. And what you can, you'll have a good database for.

MR. MONK: Correct.

THE COURT: And what you can't, at some point you'll put together in another list.

MR. MONK: That's right.

THE COURT: Okay. Of material facts that aren't stipulated to for whatever the issue is going to be. Because at the moment I'm not sure I can articulate what the issues are enough to give a logical example.

MR. MONK: Right. That's exactly right, Your Honor. And I thought about, in making the recommendation that we have made, putting together sort of a deadline for people on the other side to respond to our proposed factual stipulations. Frankly, I think that pushes us too much to the why isn't this just like litigation anyhow side of the ledger. And I would prefer -- because frankly in most instances we can agree on the facts. I think it would just continue -- if we propose factual stipulations, we will begin to lock up facts that we all agree upon. I can say in our discussion last time the

parties actively participated. Everybody at the table participated. I believe that all of the constituents are working on this assignment. They have been doing the work that's necessary to understand it. So I don't think that's going to be our problem.

I think there will be hefty disagreements about the application of the law in certain instances. And I think there will be some disagreement about the facts. And hopefully we can narrow those disagreements about the facts with the idea if as we submit a plan of -- if there's something that has to be litigated here, we'll have it down to the narrowest possible subject so that the Court will -- we won't use any more of the Court's time than we absolutely have to.

THE COURT: Okay. So your expectation of what you're gonna do with all this information is try to put it together in a plan context, and not have to bring the actual litigation against anyone.

MR. MONK: Absolutely correct, Your Honor. We think if this has to be litigated, there are so many facts, so many issues that go along with this, that we could take up most of your year in a major --

THE COURT: I don't have --

MR. MONK: -- case litigation.

THE COURT: -- most of a year, Mr. Monk.

(Laughter)

MR. MONK: We just think that that's a big mistake.

THE COURT: Okay. Thank you.

MR. PERNICK: Your Honor, your question actually leads me into -- Mr. Monk has described this to you from the Inter-Creditor standpoint. I want to just impose on the Court for a minute and just talk globally about what we have in mind, and why this fits in. Because I think you need that piece of the puzzle to really see where we're going. First -- and I'm gonna be, as I always am with the Court, brutally honest about what our strategy is, because I've already told the other side that numerous times. They can agree or disagree with that, but this is what it is. This is really about how to get this case resolved. From a big picture perspective, how do we get out of Chapter 11? We'd like to get out with a consensual plan. If we can't, we'd like to get out with maybe a confirmable plan. Even if we have a contested confirmation hearing, we'll at least have something that's confirmable, and maybe we'll settle it at that point.

And so the question is how do you get there? And we spoke to Judge Wolin about this, because he asked us, "How can I help?" And the way that the Court -- and I'm using that in the plural, meaning you and Judge Wolin -- can help is to either agree or disagree with the strategy, or come up with your own strategy about how to get the parties in a posture

when they will best resolve this case consensually. Because that's what bankruptcy's all about. You know that better than I do or anybody else in this Courtroom. And so our strategy has been to be a mediator. I don't know that we can be independent. And people have argued that we can't be independent. But in some sense of the word we are independent, because there's really very little chance that there will be money left over for equity. There is, I guess, you could argue a possibility. But everybody's on the assumption at this stage of the game anyway that absent a consensual plan that leaves some money for equity, that there's not. And so the question is, how's the pie getting divided up? When you look at it that way, the Debtor doesn't have a particular interest in how that pie gets divided up. What the Debtor cares about is getting it over as soon as possible so we can get this business out, and move on with our business and not with a bankruptcy case. And there's a cost factor too. But that fits in with that.

So what we've tried to do is we've tried to -- and the parties have been great about letting us do this. We've tried to assess the facts, put them together at each step of the game in an objective way, like this is what we found. We have been pressed numerous times. We will be pressed numerous times in the future about what our view of how those facts fit into the law is. We have resisted that temptation because we

believe, at least at this stage of the game, once we play that card, we pick sides. And we don't want to pick sides right now. We want everybody else to decide among themselves, with our facilitation, how to get this resolved and how the pie's divided up. Unfortunately, if we can't get them there, we will have to pick sides. And we understand that.

We have a basic strategic dispute with the Banks. We want to do that through a plan. We think that's the Debtor's right. We think with all the cases that we've all been in, that the best way to get a case resolved is to take this whole bag of whatever you want to call it, and put it together in a plan, as opposed to litigating it piecemeal. Because once you litigate piecemeal, and no matter what the answer is, somebody gets an advantage over another side. Forget about the litigation and the timing and appeals and all that which may mess up your plan in itself, or at least the timing of it. It takes away part of your ability to put it together and negotiate with a little give here and a little take there. And you know. You know the process as well as I do. So we, from a theoretical standpoint, would like to sit down today with everybody.

But the other practical reality of this case, which I believe most if not all of the major constituencies agree to, is we could sit from now until kingdom come, but without a Futures number, it's almost impossible. Because the possible

swings, at least right now in the Futures number, are so large that nobody's really gonna sit down and agree to a piece of the pie until they know generally what the pie consists of and what their potential shares are. Now, it is possible that the parties could just sit down and say, "Look. Let's just do this really rough cut. What number do you have for me? You know, is that acceptable or not?" That's a possibility. And some of those discussions may actually take place. But being as practical as I am, I don't believe that you're really gonna solve this until there's a Futures number.

So now you get to Judge Wolin. And we talked to him at our meeting about when he thought. And he wants us to come back with a Scheduling Order on asbestos valuation, which we're gonna try to do. And we've been circulating one for a couple of months now, and discussing it. We have narrowed it down to something that's realistically gonna take place at the end of the third quarter, beginning to the middle of the fourth quarter of this year. And really until that number comes out, it's a tough one. So we can all rush, and we can get this valuation done, which we don't agree will get you anywhere anyway. We think it'll -- it involves -- when you say "valuation," you're gonna litigate all the Inter-Creditor issues. Because you have to make all those legal judgments before you could ever get a valuation done. So we have come from this approach. If you're not gonna have an estimation

number until the end of the third, beginning of the fourth quarter, how do we get everybody into a position so when that number hits, literally they can almost sit down and start talking? And that's really where this proposal comes from.

I mean I think with that perspective -- although we'd like to do it now, and we're not happy that it's gonna be six months from now, practically and realistically I think avoiding litigation and keeping the parties on this track and getting the Court's assistance to keep everybody moving -- you know, we're not looking to waste time, we're not looking to delay anything. So the key to this whole proposal is keep everybody moving, but keep it in a direction so that when that asbestos estimation number hits, for Futures particularly, then we can sit down and really talk and hopefully get a plan, you know, consensually negotiated, or at least get one that's confirmable with enough parties so that we can then move to the next step.

THE COURT: Okay.

MR. ECKSTEIN: Your Honor, good evening. Kenneth Eckstein on behalf of the Bank Group. It's a little difficult at 5:30 after a complete day to have a philosophical discussion. But this is in some respects a philosophical discussion about the direction of the case. Your Honor heard Mr. Monk talk about some specifics. And Your Honor heard Mr. Pernick talk about macro philosophy. And I feel it's

incumbent upon me to address both of those topics. I'll try to do it as briefly as I can. Let me preface it by saying, Your Honor, the Banks filed a week ago a statement in respect of the Inter-Creditor issues that were scheduled to be heard today.

THE COURT: I've read it.

MR. ECKSTEIN: We received a statement by the company, which I received on Friday afternoon. And I frankly have not even had an opportunity to review it with my clients. And, unfortunately, while we had prepared for today's hearing and thought that this was a significant milestone in the case, it is somewhat of a disadvantage to have to contend with a new proposal that came to us only Friday afternoon. And I think that's troublesome. Notwithstanding that, Your Honor, we do have a disagreement with the Debtor about several of the approaches that are being taken. What we don't disagree with, what I think we have a complete consensus on, is the fact that we agree with the company and have all along agreed with the company that this is a case that for the benefit of all parties should not follow the path of the typical mass tort case. And I've heard the Debtor. And I've heard the Debtor's senior management speak passionately about the fact that we need to avoid the protracted environment that has beset many other mass tort cases, and not get mired down in a multi-year bankruptcy.

And when we were first before Judge Wolin, I believe the expectation that he had when he walked away from that hearing was that this case was not going to be one that was going to require a significant amount of his time and attention. Apparently over the last several weeks the case has evolved, and we seem to be heading unavoidably to an estimation hearing that will be contested. I've heard mention that it'll be some time in the third quarter or the fourth quarter. And I believe that we cannot today predict with any certainty when the estimation matters will be heard by Judge Wolin. Whether they'll be heard with this case alone, together with other cases, I think are issues that are significant and leave us wondering when this case is going to be moving to a point when they will have a handle on the asbestos claims.

Where we are -- and frankly, Your Honor, what we believe is the ideal approach -- and I'm gonna do this backwards. We believe that the approach in this case has always been to try to lay a foundation for the parties to be incentivized and adequately informed, try to negotiate settlement without litigating the two major issues. The two major issues are litigating the asbestos claims and litigating the Inter-Creditor issues. And our view has always been -- and I thought the Debtor shared the view -- that we wanted to put the parties in a position to try to either settle, or in the absence of settle, realize that there were going to be

hearings. As Your Honor will recall, we came before this Court in August of 2001, six months ago. What we said to Your Honor in connection with the exclusivity hearing at that point in time was we felt it was imperative to put the Inter-Creditor issue in a position where it could be either resolved or litigated, so that it would not fall behind the asbestos issues. And in the event it appeared that the asbestos issues were going to take longer than people hoped to resolve -- and that we recognized then was a possibility -- we felt it was important to put the subsidiaries, that we don't believe had any asbestos liability, in a position where they could, if it's appropriate, be dealt with under a separate plan. And we're not suggesting today that that's necessarily the way to go. But we thought that's an appropriate approach to take.

Your Honor was instrumental in helping the parties enter into a stipulation at that point in time. And I think it's fair to say that the Banks have participated actively in the process that was contemplated by the stipulation. The stipulation had an end date. And the end date was today. And unlike all the prior conferences, the stipulation contemplated that today was going to be a pre-trial conference, not merely a status conference. And the notion was that the parties would have done due diligence, discovery. It was contemplated there was gonna be witness discovery that has not taken place. There was going to be discovery. There was going to be

discussion. And that the purpose of today was in the event there was not a resolution of the case, or at least of the Inter-Creditor issues, that we would address what is the appropriate next step. How do we go about implementing claims resolution?

Your Honor had a concern at the August 28th hearing that it was premature to establish a process for claims resolution, because there were no claims on file at that point in time. And that was something that we specifically built into the stipulation. And at the beginning of November the Banks did file claims against the various subsidiaries, as well as against Owens Corning based upon the guarantees. And the Debtor has fixed the bar date. And as far as we know, whatever claims are being asserted against the other subsidiaries, with the exception of the tort claims, have been filed. And we're not aware that any significant new claims have emerged against the subsidiaries that would change the landscape.

So in essence what we are dealing with, Your Honor, on the inner Creditor front, is we have Bank claims based upon guarantees that have been filed against a variety of Debtor subsidiaries. And there are Bank claims based upon guarantees against non-Debtor subsidiaries as well. And we think that there is the opportunity now to have a claims resolution process. The question is, what makes sense right now? Your

Honor, I did receive the Debtor's report. And before dealing with their response I think it's important for Your Honor to appreciate that before coming here today we felt that it was important to try to explore whether or not it was realistic to have plan negotiations during this phase of the case. And we have in fact had, I think, very intensive discussions with the Debtor about the prospects for a plan, about the format for a plan. And we respectfully disagree with the Debtor that it is not possible at this stage to proceed with a plan of reorganization. We, in fact, believe that the parties could -- all of the parties could sit down and negotiate a plan. And that may or may not happen.

We have become convinced that at this point in time our efforts alone are not gonna motivate that, although we stand ready and willing to continue our efforts, and we believe that we have come up with a process that we think would be quite constructive, and we think that over the next several weeks and months parties should engage in that process. But we are persuaded by what has taken place over the last several weeks that the notion of plan negotiations aside, that a near term settlement are not likely to occur. And that has caused the Banks, at least, Your Honor, to look to an alternative vehicle to solve its issues, at least, in the case, and we think the issues generally in the case.

What we believe makes sense is now that we've done as

much discovery as has been done, we think what makes sense not to propel into all out litigation. We understand that that's not efficient or desired. But at the same time we believe that it's important for the parties to focus on the issues that need to be addressed. Now, Mr. Monk pointed Your Honor to the fact that a variety of issues have been identified, and they were catalogued in the Debtor's response. I went back to the transcript of the August 28th hearing. And I went back to the stipulation. And I would submit to Your Honor that the issues that were catalogued in the Debtor's response are essentially identical to the issues that were catalogued on August 28th of 2001, and the issues that are catalogued in the September 24th stipulation. The fact of the matter is I think the parties have gotten a lot smarter about the details. But the reality is we knew six months ago what the issues are, we know today what the issues are. And what Mr. Monk did not tell you was if any of the issues had been closed. Because it is human nature in this process for parties not to concede issues. Parties are identifying all kinds of items that they might want to allege as bases to undermine the Bank's guarantees. And that's what this is all about is can we come up with -- how many arguments can we come up with to undermine the Bank's guarantees?

And what we would submit, Your Honor, is that the parties know what issues are out there. And the question is, are

these serious issues or are they not serious issues? Are these gonna have validity, or are they not gonna have validity? I would suggest that what we need to do in this case is relatively simple. Separate and apart from the tort claim -- and I don't think we can control that today -- with regard to the Inter-Creditor issue, which I think is the other issue, we need to understand are the Bank claims valid? We need to understand that if the Bank claims are valid, what is the value of the Bank claims against the Guarantors? And we need to understand whether there are any other Claimants who have claims against these guarantees? Those are three questions.

I would submit that until we can answer those questions, it is not going to be possible for the Debtor to simply make a plan proposal and have that plan proposal and essentially advance the ball. All the plan proposal will do, if we wait a year, for example, to answer those questions, is for the Debtor to say, "Here's our suggestion. And if you don't take this suggestion, you'll be mired down in two to three years of litigation." And that'll be a year from now or 18 months from now when people are more fatigued. And it's, frankly, a tactic that's gonna be used to hold up legitimate Creditors of this Estate. What we want to do is we want to avoid that process. And we think that we have proposed an approach that makes a lot of sense. And that approach was based upon

discussions we had with the Debtor.

Now, Your Honor, we believe that the valuation issue is the issue that is separating us most significantly from the Debtor. That's not to suggest there are not other issues. But we believe that if we can identify the value of the key subsidiaries, we will have made significant progress in at least clarifying, if not resolving, the Inter-Creditor issues. I'm not looking to litigate, Your Honor. But I recognize we may not agree. And what we had always envisioned was that we would sit down and work through an approach with the Debtor. And we have no objection to stipulations, Your Honor. We've always talked about stipulations. But our view is that the stipulation should be focused on an end game. If we can reach an agreement, we would be happy to submit that agreement to the Court for approval. In the absence of agreement, we believe that we need to have the prospects for a hearing for the Court to consider the disputes. And we thought that was a relatively narrow dispute. And that's what we're talking about. What is a Debtor worth? What is a particular Guarantor worth? Because that will help shape the terms of a plan.

And I think we have an agreement as to the two key subsidiaries that we should start with. We agree OCFT and IPM -- IPM is a non-Debtor. But for purposes of the plan we think it would be useful to start with those. We think determining

the value of those two subsidiaries would make eminent sense. To the extent the parties think it's going to wrap in other issues, Your Honor, we're happy to have an objection to claim process for those two subsidiary Guarantors as well. We see no reason why by a date certain, whether it's March 30th or April 15th, parties cannot simply file an objection to those claims. Those claims are out there. If there are issues that people think need to be raised, let them frame the issues. If we're gonna do a stipulation, I want to know what I'm stipulating about. I mean there are numerous issues that the Debtor has laid out, most of which go to fraudulent conveyance. And with all due respect, we don't believe fraudulent conveyance is an issue that should be litigated in this case. We don't even believe the Debtor's gonna want to prosecute fraudulent conveyance. Sure, it's been thrown out as an issue. But we don't believe it should be litigated here. These were subsidiaries. In the case of OCFT you heard Mr. Monk say it was set up 10 years ago. I don't think anybody's gonna prosecute that OCFT was a fraudulent conveyance. I'm not aware of any statute of limitation that goes to undoing a subsidiary that was set up 10 years ago. To the extent people want to attack the guaranty given by OCFT, Your Honor, I can't prevent people from raising issues. But I respectfully do not think that when people put pen to paper, that that's going to be a litigation that's gonna go very far

here. But until people are forced to frame the issue and present it to the Court and start to find out where issues come out, respectfully we're not gonna get resolution.

So we believe that we can marry the stipulation concept with a claims resolution process. And we think that objection to claims -- and if they want to use OCFT and IPM as the first ones, that's fine. But if you have a claims objection process and a valuation process, you can do them together for those two subsidiaries. With all due respect, it's not as complicated as people want to make out. If people want to make it simple, we believe it can be made simple. We're simply talking about discretely taking those subs. We agree with the company. Let the company start and present its accounting information. There'll probably be experts. There'll be one expert on this side, one expert on that side. If we need to take a deposition, we'll take two depositions. That happens. And our view is over the next six months the parties can either stipulate to the facts, identify which issues they don't agree on, submit memoranda of law on the particular issues. And if we need a day or two of hearings, Your Honor, we should schedule them. We could have a pre-trial conference in advance. But we believe that the existence of that hearing date, and the fact that parties have to join some issues and finally find out whether or not we are or are not going to get resolutions, that more than anything

else in our mind is the most likely scenario to motivate the parties to sit down and talk about a resolution. Because if you have a tort claim hearing pending on the one hand, and an Inter-Creditor hearing on the other hand, people have the alternative of litigation or settlement.

THE COURT: Yeah, well you're not -- your time frames as articulated in the Bank's status report and as articulated in the Debtor's status report are a little bit different. The Bank's was more expedited. But quite frankly I'm not sure you're really all that far apart in what you propose to do. The Debtor seems to want to have a month between things. I guess to make sure that if there is a possibility of having people agree to stipulations with respect to a subsidiary, that that's kind of fixed in cement before you move to the next seat. I honestly don't know enough about the Inter-Creditor relationships at all to have a view about whether that's a better way to structure it, or whether it should just be opened up for wholesale mass stipulation. I tend to think that based on the number of issues that have been identified, it probably makes more sense to try to get the stipulations together by entity, as opposed to by every entity at one time. Maybe your argument really is with the time frame. You're talking about six months. You're talking about getting the stipulations proposed within four.

MR. ECKSTEIN: I think the difference between our

view and the Debtor is simply we believe that after the stipulations have been done we think that there needs to be a hearing date.

THE COURT: Oh.

MR. ECKSTEIN: And we think there needs to be a litigation process set up, because merely stipulating in a vacuum, in our view, is not going to get us a solution. We need to know what we're stipulating about. And we need to know what issues are gonna be presented for a hearing. And if we can't reach agreement, we would like to have a hearing before Your Honor. That's really the difference between where the Banks are and where the company is.

THE COURT: Okay. Well the Banks have filed proofs of claim. I mean at any -- there's no bar date for filing objections to those claims. And anybody who wishes to challenge those Bank claims I guess can do it. You've all been on a standstill agreement not to do those challenges, in essence, because you've been looking at the documents. And I'm not quite sure until you have a chance to try to do some stipulations that the Debtor is proposing, for example corporate history. Is that really gonna be an issue? I mean it make take some work to get the stipulations in place, but is that gonna be an issue?

MR. ECKSTEIN: No, Your Honor. I think as the Debtor knows -- we've talked about stipulations before. And we agree

that most of the facts will be stipulated. I think what we need is we need a goal. And to merely -- a stipulation in our view is not a sufficient goal. We're happy to work with stipulations. And we're happy to work with interim dates. But we need to know that there's going to be a date out there in the future that people are targeting toward either to settle or to litigate issues. And we think that is what's going to move this along, not merely stipulating to the issues for the sake of stipulating to issues. Because we believe that a lot of these issues are going to fall away.

THE COURT: All right. Well, let's assume for the moment that I think, okay, we'll go with the Debtor's proposal with respect to the time frames within which to do the stipulations. That means that sometime in September, in essence, we could get together to decide what to do next. Are you saying that that's not sufficient because that's too much time to look at whatever stipulations the Debtor may want to put together?

MR. ECKSTEIN: I think that would be too long, Your Honor. And I think that it would be inefficient. Frankly, if the Debtor wants to start with OCFT and IPM, we're agreeable with that. That basically in their time frame was May and June. What we believe needs to be done there is either reach an agreement as to the issues in that stipulation, or not reach an agreement. I think the Debtor has told us that we're

not going to reach an agreement as to value. I mean we know that in advance. And that's not -- there's no secret about that. We have agreed with each other that we're gonna disagree on value. And I believe what we need is either to have an opportunity to negotiate the value, or if not negotiate, resolve the value at a hearing. And we're prepared to do that. But we believe we're only gonna get to the resolution if as a backdrop to the negotiation there is a hearing date. And that's -- our suggestion is that if they want to tee up a stipulation in May, for example, for OCFT, whether it's July or August, I don't want to quibble about dates at this point, Your Honor. I'm simply saying that we need to know that by a certain date in time if we haven't agreed upon the value of that entity, then we should have a hearing to determine the value.

THE COURT: All right.

MR. ECKSTEIN: And we need to have expert --

THE COURT: I'm sorry.

MR. ECKSTEIN: And we would need to have experts probably on both sides. Not many of them, but we would need to have experts on both sides who would have their view. And we would present the open issues to the Court with briefs.

THE COURT: Okay. With respect to the valuation of each particular entity, if I understood Mr. Monk correctly, because of Inter-Creditor transfers the issue of value may not

be particularly what each specific asset's worth. It may be where the value lies -- in which of the entities the value should be attributed. And it may very well be that you can agree to the value of the particular component asset, but you may not agree as to which entity is entitled to have that value recognized as one of its assets. Did I misunderstand?

MR. MONK: No, Your Honor.

MR. ECKSTEIN: Respectfully, and while it's very difficult if you're not in the room, in this case -- in the case of both OCFT and IPM we understand that there are notes that both the entities had issued. But the reality is the dispute that we're told is going to exist is as to the value of the underlying entity, not -- we all know the note is out there. And whether the note is or is not enforceable is a discrete issue. But the real issue is what is the entity worth? And there is a fundamental disagreement on what the entities are worth. And that's where we need a process to resolve that dispute.

THE COURT: All right. You're not talking about the asbestos or the Futures --

MR. ECKSTEIN: No, I'm not. Not at all.

THE COURT: -- or valuing these at -- this is an accounting function.

MR. ECKSTEIN: Accounting function. And hopefully we can do it without a hearing. But I'm told that that's not

likely. And we're happy to try, but we don't believe we'd get there without the process that says, "If you don't reach some kind of a resolution, then your alternative is to have a trial."

THE COURT: All right. Well, maybe what you need is a better defined goal, rather than just identifying stipulations. You may need a goal that says we're attempting to stipulate to the value of this particular entity, and here's how we're going to go about it. And if we don't, then at a certain date we're gonna come in with pre-set stipulations of fact and agreements to disagree about a different set of facts. And perhaps then we need to decide where to go.

MR. ECKSTEIN: I would agree with that, Your Honor. That's exactly what I'm suggesting would be useful. And we would try to work towards something like that.

THE COURT: All right. You don't have a challenge with the four-month period Debtor is proposing to get through this.

MR. ECKSTEIN: No. As I say, Your Honor, I got this Friday. I did not speak to my clients. To me personally it does not seem unreasonable. But I would like to know that there is a process that they're willing to agree to that goes beyond merely tendering a draft. And I think if I knew, Your Honor, that I could bring back to my clients a process that

was going to get to a resolution, I would certainly take that back to my clients and try to get a resolution on that basis.

THE COURT: All right. Well, I guess my lack of knowledge about the Inter-Creditors actually will be glaring at the moment. But I'm concerned about forcing stipulations to be filed as to any particular subsidiary until you get through the whole process of all four of the major subsidiaries, because it may be that as you go through the identification of the assets, you will find things that you may agree either to agree about or disagree about. And if you set them too early, they're gonna be fixed in cement. And people don't like to retract from positions. It would seem to me that the Debtor's proposal with respect to the four monthly periods that are set out should probably be approved. But what I should add to it is a deadline after that by which the parties will file a stipulated record as to the facts that the Debtor has been able to induce the parties to agree to as to each of those entities, and a list of the facts that are in dispute. Once -- and since the overall goal is to value the entity, the Bank's claim against those entities may be a piece that can be addressed after we know what the factual stipulations are with respect to the particular assets and where they reside.

MR. ECKSTEIN: If I can just suggest, Your Honor, and I think it's in part a desire not to suffer too much delay,

and at the same time to try to see whether the process works, I would respectfully submit that OCFT and IPM, which are the first two that the Debtor has identified, are discrete and should not be combined with Integrex and Fiberboard, both of which have very different issues. I would suggest that it also makes sense to try to work with those two entities, and to try to work toward a stipulated record and identification of what issues would need to be resolved with those two entities, and see whether it works for those two entities. And then we'll have an easier time doing the others, rather than trying to tackle all four or five, and then being in a sense potentially overwhelmed or in the wrong direction.

THE COURT: Well, again, pardon me, because if I'm misstating things it's just because I've misheard. But did not Mr. Monk say that the $501,000,000 dividend note was assigned from OCFT, or OC, I guess, to Integrex?

MR. MONK: Correct, Your Honor.

THE COURT: Okay.

MR. ECKSTEIN: But it does not require getting into the underlying Integrex value. Integrex holds the note. You can put the note aside. It's a claim against OCFT, a claim against IPM. We don't need to get into the value of Integrex or Fiberboard in order to understand OCFT and IPM. I believe, based upon the information we all have, if we can wrestle OCFT and IPM to the ground, we will have made tremendous progress

in, I think, laying a foundation for the resolution of the Inter-Creditor issues. Our believe, Your Honor, is that significant value resides in those two subsidiaries. And while the other subsidiaries may be important, I think once we have crystallized the facts pertaining to those two subsidiaries, I would submit that we will have made significant progress. And if we need to resolve disputes, I believe that it would be more efficient and it will be consistent with the Debtor's goal of not having overwhelming litigation if we focus open disputes on those two entities.

THE COURT: All right. Does anyone else want to weigh in for a few minutes? Good evening.

MR. RAHL: Good evening, Your Honor. Andrew Rahl, Anderson, Kill & Olick on behalf of the Non-Bank members of the Official Unsecured Creditor's Committee. Your Honor, we agree completely with the Debtor's approach. Mr. Monk's recommendation is the best way to proceed. We also agree with the Debtor's characterization of the Bank's position in the Debtor's response as -- that the Banks are being selfishly strategic in the way they are trying to tee up this inner Creditor process. And I really just want to focus -- aside from registering our strong support for the Debtor's recommendation in this matter, I just want to focus on precisely how it is that the Banks are being selfishly strategic.

It is -- would be to the tremendous advantage of the Banks in the posture of this to -- if the Banks are able to succeed, if you will, in getting the Court and the other constituencies in this case to focus on individual subsidiaries, OCFT, IPM, what have you, as distinct from the Debtor's overall business, in two obvious respects. One is the minute you get into, for example, a valuation hearing for OCFT, there's an implicit presumption that OCFT's guarantee of the Bank debt is valid. There's no need to have -- to value OCFT, if OCFT has no separate enforceable obligation to the Bank Group, just as one example.

Also, Your Honor, to stay with OCFT, a very significant issue in this case, and one which without question in the bankruptcy process is initially in the province of the Debtor to make a determination here is substantive consolidation. Once again to the extent that this Debtor substantively consolidates any of its entities with the parent, to the extent that there are separate Bank guarantees, they would not be recognized. And any sort of valuation exercise with respect to those subsidiaries would be irrelevant and a complete waste of time. It is -- the Debtor has given you an outline of 34 separate factual and legal questions over -- in the course of three pages of its status report in response to the Banks. And it's apparent from just simply looking at this list of issues, that there are a great many questions of

interaction among the different subsidiaries, the different topics that are raised. And I'll simply point out that the list begins and ends with the question of the validity of the Bank guarantees at the outset. And at the end the questions -- and there are a number of them related to substantive consolidation.

Your Honor, I -- without getting into the specific facts at this late hour I'll simply say I'm quite sure that the Debtor will acknowledge that it has been the Debtor's public position stated repeatedly in a number of different forums, including, among other things, a presentation at a bankruptcy conference, that this Debtor, like many multi-national corporations, has always operated from the perspective of the efficient execution, if you will, of its lines of business. And that it has done so and has functioned -- organized itself around lines of business without reference to the specific legal entities that make up a vast complex of affiliated subsidiaries, both domestic and foreign.

THE COURT: And I thought this was just a mom and pop grocery store.

(Laughter)

MR. RAHL: My only point, Your Honor, is that the -- to frame this discussion going forward on the Inter-Creditor issue with reference to one or two or three or four of these individual entities simply make no sense.

THE COURT: Okay.

MR. RAHL: And for that reason we strongly support the Debtor's recommendation, Your Honor.

THE COURT: All right, thank you. Yes, ma'am.

MS. DAVIS: Yes, Your Honor. I'm Julie Davis from Caplin & Drysdale on behalf of the Official Committee of Asbestos Creditors. I know the time is short and there are other constituencies to be heard from, so I will just limit my comments to two points. First and foremost, our Committee is unalterably opposed to this Court and the parties spending any substantial amount of time in the foreseeable future to determining the present value of the Debtor's subsidiaries that guaranteed the Bank debt. The major focus of the Inter-Creditor issues is the validity of those guarantees, not the value of the guarantee subsidiaries. The Bank's proposal makes sense if, and only if, we assume that the guarantees are valid. Because if the guarantees are found invalid, there is absolutely no reason to spend 15 minutes worth of time for the purposes of the Inter-Creditors issues, and probably for plan negotiations worrying about the valuation of the constituent parts. And that is our basic objection.

Secondly, it's our -- we are concerned that engaging in a valuation process will be a distraction for both the Court and the other parties. It will divert attention away from the stipulation process that the Debtors have proposed, and that

we support. It will be a waste of our resources. It will delay time. And we may ultimately be forced to file individual claims, start formal litigation, engage in the very adversary proceeding that will be time consuming and costly which we're all here and have agreed would be very detrimental to this case. We support the Debtor's proposal. We think the Inter-Creditor discovery process to date has been productive. We want to see it concluded, and satisfactorily concluded. We have some comments on the specifics of the stipulation process set forth in the Debtor's status report. We've given those comments to the Debtors. But our bottom line is that we think the stipulation process is a sensible next step in the Inter-Creditor discovery process, and that we think wasting the Court's time and our resources at this point is -- on valuation issues for the particular subsidiaries that guaranteed the Bank's debt would be a waste of time. It's putting the cart before the horse. It's out of order. And we should not engage in it.

THE COURT: How is the Debtor's proposal with respect to the stipulations going to get to the issue of the validity of the Bank guarantees? I don't understand in this process -- it talks about overall management and financial operations. Under IPM it includes issuance of the dividend note. But it doesn't seem to talk about guarantees.

MS. DAVIS: Well, to the Inter-Creditors as a legal

basis envisions that there -- and the Banks have admitted this, and it's been an underlying assumption all along -- there are numerous legal theories with respect to which you could vitiate or invalidate the Banks guarantees: Substantive consolidation, alter ego, constructive trust, equitable subordination, fraudulent transfer. There are many, many legal theories that one could bring to bear that would potentially invalidate those guarantees. What the Inter-Creditor discovery process has been about to date is a process by which we all have the opportunity to get into the facts besides the various transactions and events regarding the Debtor's subsidiaries and the Debtor's overall operations, which are critical to this inquiry from a substantive consolidation point of view, where we would all have access to the facts, documentary and otherwise, and we could then sort of sort through this information and determine from our particular Creditors constituent point of view what arguments one could conceivably make or claims we could conceivably assert that bear on the validity of those guarantees.

What the Debtor is proposing, now that we have more or less gotten our arms around the relevant documents, is evaluating those documents, evaluating those facts, coming up with stipulations of those facts, and with those stipulations in hand and the documents in hand we would then be in a position -- the various constituents -- to decide when we sit

down to negotiate a consensual plan -- the strength of our claims. We absolutely agree with the Debtor that it is of critical importance to determine what the asbestos liabilities are. And then we will all know, at least arguably, what we will have by way of a -- shares of the Debtor's Estate. But those shares, and our right to the particular share, depends first and foremost on whether or not the Bank's guarantees are valid. And we've got to resolve the Inter-Creditor issues before we can sit down with a consensual plan. We've got to know what the validity of these various legal theories are. And unless and until we do that, as well as come up with a number for future asbestos liabilities, we can't get to plan negotiation.

My point is that that having been done, if it's determined through the Inter-Creditor process that the Bank's guarantees are invalid, we'll never get to the value of these particular subsidiaries, because it's not gonna matter. All of us will share and share alike pari passu in the Debtor's equity. The value of the constituent parts will not be relevant for those plan discussions or even to propose a plan, because we will all be on the same basis in terms of sharing in the equity of the parent Debtor, as opposed to who has direct claims against the Debtor subsidiaries.

THE COURT: So your view of the stipulation process isn't so much that it's designed to get the stipulations of

assets and where they belong. It's designed to ferret out facts to see whether or not there is a claim that can be brought against the Bank by any of the Banks -- by any of the constituent parties to strike the validity of their claim.

MS. DAVIS: Primarily, yes.

THE COURT: So this probably will go along both lines.

MS. DAVIS: Yes, Your Honor, absolutely. And we think that the Debtor has come up with a very sensible proposal that will track the asbestos liability estimation process, that will get us into the station, so to speak, at the same time with at least understanding what the parties' respective rights are to the Debtor's assets, whether the Banks do in fact have direct claims against particular subsidiaries by virtue of the guarantees, or whether they don't. But if their guarantees are invalid, we'll never get to what the value of the particular guarantees -- or subsidiaries are. We just won't need it.

THE COURT: All right. Well, I'm still not seeing that even in that view that the Debtor's overall proposal can't be coupled with the deadline by which to file stipulations that you agree on, and lists of facts that you don't agree on.

MS. DAVIS: Oh, I -- we're not taking exception to that this afternoon, Your Honor. What I'm addressing is the

Bank's proposal that we carve out and put on some separate track that is going to be time consuming and costly and distracting, this valuation exercise.

THE COURT: Okay.

MS. DAVIS: Thank you, Your Honor.

MR. RAHL: Your Honor, just for the record we don't disagree with the concept either of a date by which a stipulation needs to be filed.

MR. ECKSTEIN: Maybe we can get a consensus, Your Honor. Because I don't want it to be a -- we're not trying to discourage people from raising the validity issue. And, frankly, we believe that we should deal with validity and value for a particular entity simultaneously because they will merge.

THE COURT: I think that's what I'm --

MR. ECKSTEIN: But --

THE COURT: -- trying to understand after a lengthy discussion.

MR. ECKSTEIN: But I think as Your Honor can hear from the colloquy there are disputes. And if people want to challenge validity, our view is it needs to happen at some point in time rather than holding it over our head indefinitely. And we filed our claims, filed them at the request of the Court timely. And we think at some point in time we're entitled to get a resolution of whether those

claims are or are not valid. We believe they are. And we believe these issues are gonna be held out there as leverage.

THE COURT: All right. It still seems to me overall that the Debtor's time frame is not untoward, and that all I need to do is add a date by which some stipulations should be filed. I think what we ought to do is perhaps keep, so that everybody's feet are to the fire, keep this issue on every monthly agenda so that I can find out what progress is being made. I don't know that you need a specific Order to that effect. I think you all agree that you need a status report. And keeping me up to speed might help as well. So I have no disagreement, from what I've heard, with the Debtor having until May 15th to put together the stipulations via OCFT, June 14th with respect to IPM, July 15th with respect to Integrex, August 15th with respect to Fiberboard Exterior Systems and affiliated companies.

My next question though is, is that going to be sufficient to determine A) whether parties have challenges to the validity of the Bank's claims, and B) the significance of the asset valuations that the Bank is going to need with respect to its guarantees in the event that there is either no substantive consolidation proposed by the Debtor, or no other method by which the Bank's claims are going to be challenged? Because if it isn't, then I need to know what's next.

MR. MONK: Your Honor, I liked your idea of a

deadline by which we'll submit those stipulations to the Court. And I would propose that we do that. Respecting the fact that August is -- sometimes at the end of August is a vacation time, and the parties have to have some time after our August stipulation is on the record, I was thinking maybe the end of October would be a reasonable period of time to complete that process. In answer to your question, I would love to say that, yes, this will absolutely answer that, and we'll know. But I think we just have to go through the process to find out. The reality is the Debtor -- the litigation that Mr. Eckstein is anxious to get us to start is a litigation that we don't have to undertake if we can put a plan together in this case. And one of the reasons for substantive consolidation, if we were to get there, because we have negotiated values among the parties, was to avoid that very litigation that he is anxious to launch us on.

So I would respectfully suggest that we should continue our status reports, have our stipulation deadlines -- that'll keep the Debtor's feet to the fire in keeping this process moving forward -- force the other parties to give us their response by a date certain. I like that idea because that will for sure make sure that we will accomplish, I think, a lot in this process. And then let's see where we are.

THE COURT: All right. Well, let's see about this. It seems to me that without necessarily sharing information

among all the Creditor constituents, that that's going to be an issue. I don't know that it is. But in the event that it is, there could perhaps be dates by which each Creditor constituent could comment back to the Debtor about the Debtor's proposed stipulation, giving the Debtor an opportunity to continually revise the tracks.

MR. MONK: Absolutely.

THE COURT: Now, this may be harder to do than it is to explain. But -- so let's say by May 15th the Debtor takes a shot at putting together the OCFT. Then perhaps by the next deadline, which is June 14th, the Creditors ought to have their comments back to the Debtor about the OCFT stipulation. Not by the way of final objections or anything, just, "Well, you know, you said somebody's tie was red. It was really mauve" type of thing. To see whether they can be tweaked in a way that everyone will agree to it. Now, from the Creditors' point of view, do you want to share those comments with each other? Or do you simply want them to go to the Debtor?

MS. DAVIS: Your Honor, to date I think there's been a very open exchange of information. And generally any request for information is shared with everyone. So --

THE COURT: You want to share it. Okay. So how about if we have a rolling date then? The Debtor will put together the initial stips with respect to OCFT by May 15th. The parties will comment back to the Debtor by June 14th. And

by July 15th the Debtor will have together what it thinks -- what it hopes is the final set of stips with respect to OCFT. While that's going on, okay, the Debtor will start the process so that by June 14th the Debtor will have a draft with respect to IPM. The Creditors will return their comments to the Debtor by July 15th. And the Debtor will have what it hopes is the final draft by August 15th. So that keeping the same date, but keeping a rolling going. That will also get us into the October time frame to file a final set of stipulations, because you'll need two extra months to let this process roll through.

Then, once I get the final stipulations, I think it would be productive simply to have a status conference at which we could figure out whether Creditors are satisfied that they don't have challenges to validity, or whether you've made enough progress in the plan negotiation process at that point in time that you want another deferral of the issue, or whether at that point somebody knows that it's time to bring a piece of litigation either against the Bank on the validity issue, or perhaps by the Bank as to the valuation issue. The Debtor doesn't want to bring the valuation challenge. Frankly, I don't think I'm in a position to force the Debtor to bring that challenge. I think the Debtor, for plan purposes, is going to have to pursue some evidence of valuation of assets for confirmation reasons. But I don't

think before then that Debtor has to bring that challenge. Other parties are free to do it. But I think if you let this process roll through a little, it may make more sense to do it that way.

So, how about a commitment that final -- well, let me see if I work through the dates. August 15th would be the date to submit the initial Fiberboard. September 16th would be the date to have comments back. October 15th would be the date to have what the Debtor will hope will be a final set of stips as to Fiberboard. And then you need to mush them all together. All right?

MS. DAVIS: Your Honor, may I say something? There is one additional category, if you will, of stipulations that I know the three Creditor constituencies feel is important to add to the list. And there's just one additional category for now. And we've talked to the Debtors, and they have agreed, I believe -- Debtor's counsel -- that this category of stipulations is very relevant and important. And that is stipulations regarding how Owens Corning, as a parent corporation, interacted both financially and from a management perspective with all of its corporate affiliates. Because this is a central issue with respect to substantive consolidation. And so it's important not just to look at three or four individual subsidiaries, as important as they are. We also need to look at the over arching issue of how

Owens Corning conducted its affairs with its subsidiaries.

THE COURT: All right. Can I put that -- I would assume that that's going to be a somewhat more complex process. If you start on it now, can you get through a draft of that done by August 15th, as well as with the Fiberboard issues?

MR. MONK: Yes, Your Honor, we can.

THE COURT: Okay. So you'll -- then the Debtor will revise this agenda to include that issue. All right, now you need some time to mush these facts together. How much time? I don't know whether this is sufficient for you. Your October hearing date is October 28th. Your November hearing date is November 25. If this is going -- which is the Monday before Thanksgiving. If this is going to require a lengthy time in Court, we may want not to put this on a motions day for the status conference. I really don't know what you're looking at.

MR. ECKSTEIN: Your Honor, if I can make a suggestion, what might make sense -- I think the notion of having status conferences as we proceed makes a lot of sense. And, in fact, I could envision as we go down this path there are going to be refinements and specific things that various parties may need. I could certainly envision that in our case the Banks may need certain things. It may turn out that the Debtor and the other Creditor constituencies ultimately have a

single view, and to a certain extent it becomes a two party exchange. But there could be things we may need. We may need access to certain individuals at the company, for example, to understand the basis for certain factual statements. We may want to make sure that our statements are incorporated into these stipulations, because there are two sides of the story. So it may make sense, Your Honor, to come back, I would suggest maybe in April after we've had a chance to talk through what has taken place today, digest it with our clients, and the Debtor has taken hopefully a pretty good stab at the stipulation. And I think we'll have some views as well. And maybe ask Your Honor for a little more guidance or clarification.

I mean certainly I think once the first stipulation has been prepared, I think we'll have a good idea -- probably in May or June we'll have a real good sense of what we need to do in order to docket hearings if it appears that there are disputes. Because we'll know after the first stipulation. We'll know if there are disputes. We'll know what the disputes are. And I think it might be a more informed opportunity to try to schedule a hearing that'll be productive. So I would suggest that we actually have these conferences as we go along the path, and try to talk maybe later in the Spring about when it makes sense to schedule something farther out, I understand. But once we have the

information in front of us, we'll know what the disputes are, or if there are disputes.

THE COURT: Okay. So the first stipulation isn't going to be due at the outset until May 15th. And by the time the Debtor gets around to finalizing any comments about it, that's the July 15th date. But you want a status conference before that process starts?

MR. ECKSTEIN: I was thinking, Your Honor, that we might -- I doubt that we'll be having discussions with the Debtor. And to the extent we have issues, I want to make sure we can come back to Your Honor at the status conferences to do that.

THE COURT: Absolutely, every month. I think that we'll just have a status conference about this process automatically put on the agenda every month. I --

MR. ECKSTEIN: I'm suggesting that in July, for example -- I believe by July we'll be able to have a very substantive discussion as to what is needed at that point in time. At least after that first entity.

THE COURT: All right. Then --

MR. ECKSTEIN: And it's probably a more informed discussion as to what is needed from the Court.

THE COURT: Okay. My -- your hearing date on this Estate is July 22nd at 3:00. Why don't we just have a detailed status conference about the first set of stipulations

that day? Now, do you want them filed with me so I can see them? I mean I'm hesitant to make you file things too soon, because I really don't want you to pin yourselves down and then decide you're gonna change things. I don't think that's a good idea.

MR. ECKSTEIN: It might be useful -- I mean the way we filed statements today, maybe we want to submit a statement as to where we are.

THE COURT: That would be helpful, to give me a statement in advance. But I think without the stipulation --

MR. ECKSTEIN: I don't think that Your Honor needs the stipulation as much as understanding where the parties stand and what we think needs to happen.

THE COURT: Okay, that's fine. So we will have a status conference on July 22nd. We're going to have a status conference every month anyway. But that month we will look at the first set of stipulations. No, I'm sorry. We will look at whatever issues have been developed as a result of the first set of stipulations, and see whether this process continues to make sense. That's, I think, what you're asking for.

MR. ECKSTEIN: When is the June conference, Your Honor? Only because I know we're going to be hearing about vacations and all these other things that happen in July. If there's any way to possibly grapple with June and just --

THE COURT: It's June the 18th, I think.

(Pause in proceedings)

THE COURT: Okay. I'm being told it's June the 20th. So I -- oh, I do have a calendar here. I'm sorry.

MR. ECKSTEIN: Even if -- I think if we just adjusted the dates by a couple of days, we'll probably be able to make the June setting which would be probably very productive, Your Honor --

THE COURT: Okay.

MR. ECKSTEIN: -- from our perspective.

THE COURT: It's currently set at 3:00 p.m. on June 20. But do we have to have it that late that day?

ALL: No.

THE COURT: Could we do it at 1:00?

MR. MONK: Your Honor, I assume -- and let me propose that I reduce your rulings to a Form of Order of the Status Order. And I'll circulate it to all the parties.

THE COURT: Okay. I think I still need a date by which your final stipulations are due. Or is that something you want to address on July 20?

MR. ECKSTEIN: We can use a carry date. Will we use October 28th as the date? Or I mean October 15th as a date?

(Pause in proceedings)

THE COURT: No. The final responses to the last set of stips is due back to the Debtor by October 15th. The

Debtor is going to need some time to put everything together, and have a cohesive list of what is stipulated to and what isn't stipulated to. I think.

MR. MONK: Yes, Your Honor. How does your calendar -- I mean should be pick a date separate and apart from the omnibus hearing dates that are on there?

THE COURT: Well for -- I just need a date by which you're gonna file this stuff first. And then I think we can work the hearing date around it. So if you get all of the last comments in by October 15th, how much time after that do you need to put your final documents together?

MR. MONK: I think a month. You'd better give me to November the 15th, Your Honor.

THE COURT: So those are actually going to be filed and served, right -- the stipulations. The parties will --

MR. MONK: Yes, Your Honor.

THE COURT: -- either have agreed or not agreed --

MR. MONK: Right.

THE COURT: -- at that point in time.

MR. MONK: And I understand that I'll have a list of these are facts that we agree to and stipulate to, and these are disputed facts.

MR. ECKSTEIN: And I'm assuming that by that time we will have identified what issues need to be resolved by the Court that haven't been resolved.

THE COURT: Well, I would suspect that in your process of talking to each other that's going to be the case. I mean you're probably going to be clueing me in as the status reports go by, as to where you think you are.

MR. ECKSTEIN: I think that makes sense, Your Honor.

THE COURT: Okay. I think, however, for my purposes I'd like to see the stips and the non-stips first. And then maybe address at this November 25th hearing what to do next.

MR. MONK: Okay.

MR. ECKSTEIN: I would just urge, Your Honor, if we can use June 20th as the first target, it would help us, I think, get to that stage efficiently, rather than let it slip into July as we'll tend to back up to the date.

THE COURT: Okay. Now, Judge Wolin may be unhappy with this time frame. Because I think he's hoping to get through this asbestos, personal injury estimation process sooner than this. So what happens if that's the case?

MR. PERNICK: Well, and this was actually one of the points that I just wanted to make. Nobody's going to stop talking through this process. And I think that if we had an asbestos estimation number, enough of these facts would be out that maybe people will decide they want to sit down and start talking, even though they don't have, you know, final stips. I can't swear that everybody will do that, but I'd be willing to bet on it. And so I think discussions -- you know, the

only thing I agree with, with Mr. Eckstein today, is I do think discussions --

(Laughter)

MR. PERNICK: This is the only thing, Your Honor. I do think discussions -- we're not going to stop trying to talk. We're not going to stop trying to get the parties together to talk. And I do think some discussions will even happen in the next month or two. We just didn't think they would really get serious 'til there is an estimated Futures number. So if that happens on an earlier schedule, you know, we'll all take that into account and I think do a couple things. One, we may sit down and talk, even though these stips aren't finalized. And, two, at that point maybe the schedule can be looked at again to see what makes sense, and to see if parties want to do something else.

THE COURT: All right. At that -- I've forgotten now -- the June hearing date, we will take a look at the schedule and see whether it needs any modifications. But otherwise this is the schedule that's in place for now.

MR. PERNICK: A couple of really quick points for Your Honor. One, I think we just submitted -- the Clerk's reminded me -- a revised omnibus hearing date scheduling order. And you probably shouldn't sign that, and let us submit another one, because we just changed a couple of the times --

THE COURT: Okay.

MR. PERNICK: -- like the June hearing. We'll do another one and submit it to the Court.

THE COURT: Did I sign it? I don't even remember.

MR. PERNICK: Well in case -- if you get it, I would just pull it out and don't sign it. We'll do another one. The second thing is just to remind everybody when we're submitting these things and obviously more important -- what I think everybody remembers, but this is a public company. And so it's important that what we file is filed in that context. And I think by the time we get to those final stipulations, you know, we'll be in accordance with that. But we have to all discuss that before we file anything --

THE COURT: Well --

MR. PERNICK: -- and make --

THE COURT: -- it seems to me that to the extent that these documents may have some anti-competitive aspect, you can file them under seal. You're subject to confidentiality agreements.

MR. PERNICK: Right.

THE COURT: I don't expect you to disclose this to anybody outside this Courtroom.

MR. PERNICK: Okay. We can -- but I think everybody's got that same concern, actually. So we'll deal with that when we get down to that point.

THE COURT: Okay.

MR. MONK: Yeah, Your Honor, I was just -- the general counsel and chief restructuring officer just reminded me the issue really is we're concerned about the public trading of the bonds. And we're concerned about regulation FT. And the company has an obligation if something becomes public, to make sure the rest of the world knows about it. So that's why we've asked for the stipulations in confidentiality by and large. And we've been able to work with the constituent parties in that context.

THE COURT: Well, why don't you just make a note then that the stipulations that are going to be filed -- both the stipulations and the non-stipulated facts that are due by November 15th must be filed under seal? But now I don't know with electronic case filing how that works.

MR. PERNICK: We do it. We just file it.

THE COURT: You file a notice --

MR. PERNICK: Yeah, we file a notice and we attach it in a brown envelope and mark it "under seal."

THE COURT: Okay. And since you're all signed off on it, you'll all have product.

MR. PERNICK: Right.

MR. ECKSTEIN: Yes.

MR. PERNICK: All the constituents get unsealed copies.

THE COURT: All right. Okay. How long is this going to take?

MR. MONK: By the end of this week, Your Honor.

THE COURT: Okay. I'll expect it in two weeks.

MR. MONK: Better give him until next month, knowing how he is.

(Laughter)

THE COURT: All right. I'll expect the Debtor to submit all the Orders I'm waiting for by March 4th, except the one that's to be brought to the Court March 27th, unless they aren't done for whatever reason.

MR. PERNICK: Did you say March 1st? It's a Friday?

THE COURT: March 4th.

MR. PERNICK: March 4th, sorry.

THE COURT: Okay. What else?

MR. PERNICK: Just exclusivity. And I'm gonna try to do it quickly. I don't know where we are.

(Laughter)

MR. PERNICK: Well I guess my only technical issue is I don't know where Mr. Eckstein is. I mean I think --

THE COURT: He's there.

(Laughter)

MR. PERNICK: I think -- let me make this suggestion. I have Mar-Avon Smith in Court with me. She's the senior vice president and general counsel and chief restructuring officer

of the company. I would proffer her testimony. And at this point let me proffer the facts that are in the motion as her testimony.

THE COURT: Fine.

MR. PERNICK: I just want to make sure if there's an appeal, I don't know where --

THE COURT: Well, let's --

MR. PERNICK: -- he is on that issue.

THE COURT: -- find out. Mr. Eckstein, is there an objection to the Debtor's exclusive period at this point being extended?

MR. ECKSTEIN: Your Honor, I've been through enough exclusivity hearings to know that we don't need a protracted hearing today on exclusivity. And while I have not consulted with my clients, I will recommend to them that my consent today, based upon the record that we just developed, was probably the prudent thing to do.

THE COURT: All right. Then this is what I will do. I will extend the Debtor's exclusivity period until when?

MR. PERNICK: Well, we had actually asked for August 2nd --

THE COURT: I know.

MR. PERNICK: -- to file. But --

THE COURT: It doesn't --

MR. PERNICK: It doesn't make --

THE COURT: -- make a lot of sense.

MR. PERNICK: -- a lot of sense. But because we didn't raise a different time frame with anybody else, I think that's up to the Court. It seems to make sense to make them coincide. But I don't know if he'd --

MR. ECKSTEIN: Well, Your Honor --

MR. PERNICK: -- want to talk about it.

MR. ECKSTEIN: -- notwithstanding the fact that I'm sure the Debtor would rather not grapple with exclusivity, I think that the August date, in light of the fact that we have not consulted with a different date, would make sense right now. And if it makes sense, at that point in time we can always extend it further for short periods or long periods. But I would prefer that we held that day.

THE COURT: Okay. My suggestion would be that we extend exclusivity actually through the end of December, subject to parties moving to have it shortened for cause. Because I think if we really are moving toward a plan negotiation process, it makes some sense to get you through the time frame within which the stips are due, to let that process work through.

MR. ECKSTEIN: Your Honor, I don't have -- I appreciate that if the process is working, that is the likely result. And I don't think we would quarrel with that process if the process was working. We think that this -- the

exclusivity dates, for better or for worse, have provided very good checkpoints in this case. And while I appreciate Your Honor's sentiments, I think that it would be appropriate to have one further checkpoint, whether it's in August or the hearing is actually going to be in September. Either way, I think another checkpoint at that point in time would be appropriate.

THE COURT: All right. Well, then at least it should be through August the 30th. The hearing in August is on August 26th. So I think the exclusivity period should go at least until August 30, with the hearing set on August 26th for the next round of motions for exclusivity extension.

MR. ECKSTEIN: That makes sense, Your Honor.

THE COURT: Anyone have an objection to the Debtor's exclusive period being extended until August 30th? If so, I do want to make a record. If not, I will accept the Debtor's proffer. Does anybody have any cross examination questions with respect to Debtor's proffer? Everybody is silent, Mr. Pernick, so I think the Order that exists is not for August 30.

MR. PERNICK: It's August 2nd. So we can submit a revised Order.

THE COURT: Okay. And that'll come March 4th. And I'm not sure when the next -- well, this will govern until August 30. Because I'm not sure when your current period is

up.

MR. PERNICK: I think the language is that it is extended until the Court rules on the motion.

THE COURT: Okay.

MR. PERNICK: So when you enter the Order, you'll be ruling on the motion.

THE COURT: All right. Okay. What else?

MR. PERNICK: Your Honor, I think that's it from the Debtor's side.

THE COURT: Anyone else?

ALL: (No verbal response).

THE COURT: We're adjourned. Thank you.

ALL: Thank you, Your Honor.

(Court adjourned)

CERTIFICATION

I certify that the foregoing is a correct transcript from the electronic sound recording of the proceedings in the above-entitled matter.

Signature of Transcriber

3-4-02
Date